

Message Text

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C O N F I D E N T I A L STATE 224063

FROM UNDER SECRETARY ROGERS

E.O. 11652: GDS

TAGS: CIEC, EGEN, ETRD, MTN

SUBJECT: UNDER SECRETARY ROGERS MEETING WITH FROMENT-
MEURICE

1. SUMMARY: HENRI FROMENT-MEURICE, DIRECTOR OF ECONOMIC
AND FINANCIAL AFFAIRS, MFA, SPENT 2-1/2 HOURS ROAMING
OVER A NUMBER OF ECONOMIC SUBJECTS. HE PLEADED FOR
USG SUPPORT OF PRESIDENT GISCARD'S PROPOSED AFRICA FUND.
HE EXPRESSED CONCERN THAT CIEC COMMISSIONS WOULD BE
UNABLE TO RESUME ON SCHEDULE NEXT WEEK. STATEMENTS OF
USG OFFICIALS, DIRECTLY ATTACKING EEC AGRICULTURAL
POLICIES, ONLY SERVE TO CREATE HOSTILITY AND HARDEN
POSITIONS, HE SAID. GOF WAS STUDYING USG RECENT REQUEST
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FOR SYMPATHETIC ATTENTION TO NEED FOR ADDITIONAL ECONOMIC

ASSISTANCE TO EGYPT, EVEN THOUGH GOF THOUGHT THEY WERE ALREADY DOING QUITE A BIT. AND HE COMMENTED FAVORABLY ON NEED FOR PROLONGATION AND CONSOLIDATION OF PRODUCER-CONSUMER CONTACTS IN THE ENERGY FIELD, CITING (APPROVINGLY) PEREZ-GUERRERO'S ENDORSEMENT OF SUCH CONTACTS, AS LONG AS THEY ARE NOT INSTITUTIONALIZED. END SUMMARY.

2. GISCARD'S AFRICA FUND. FROMENT-MEURICE EXPRESSED THANKS FOR SECRETARY'S LETTER OF AUGUST 26 ON FRENCH-PROPOSED FUND FOR AFRICAN DEVELOPMENT AND SAID HE REGARDED IT AS US ACCEPTANCE IN PRINCIPLE OF PROPOSAL THAT SUCH A FUND BE CREATED. HE SAID THAT SO FAR NO OTHER ANSWERS OF SUBSTANCE HAD BEEN RECEIVED -- ONLY QUOTE WAITING ANSWERS UNQUOTE -- AND ATTRIBUTED THIS IN PART TO FACT THAT OTHER POSSIBLE DONORS ALL CONSIDERED US SUPPORT AS BASIC TO AND DETERMINATIVE OF THEIR PARTICIPATION. HE SAID RECENT TALKS WITH SOME OF THEIR AFRICAN FRIENDS CONFIRM THAT UNLESS THE FUND IS SIZABLE IT BETTER NOT GO FORWARD. HOUPHOUET-BOIGNY HAS TALKED IN TERMS OF FIVE BILLION DOLLARS. HOUPHOUET HAS ALSO SUGGESTED AS POSSIBLE AFRICANS TO ADVISE ON DISTRIBUTION OF FUNDS (QUOTE FOUNDING FATHERS UNQUOTE AS DISTINGUISHED FROM RECIPIENTS): CAMEROON, SENAGAL, GABON, KENYA, ZAMBIA, NIGERIA, AND GHANA. FROMENT-MEURICE RECALLED THAT FRENCH HAD SUGGESTED ONE BILLION DOLLARS, WITH USG SUBSCRIBING FORTY PERCENT AND HE OPINED THAT THIS SHOULD BE REGARDED AS MINIMUM, ANYTHING LESS BEING QUOTE ABSURD UNQUOTE. IF MAJOR USG CONTRIBUTION WERE TO BE IMPOSSIBLE, WHATEVER THE REASON, THIS WOULD MEAN THAT THE WHOLE THING WOULD COLLAPSE AS A NON-STARTER AND WOULD CREATE DIFFICULTIES. SIMILARLY, HE NOTED THAT USG HAS REFERRED TO NEED FOR ASSISTANCE TO CLUB DES AMIS DE SAHEL. WAS THERE A LINKAGE WITH THE FUND? IF THE AMOUNT PROPOSED TO BE GIVEN DIRECTLY BY THE USG TO THE CLUB WERE TO EXCEED THE AMOUNT DESTINED FOR THE FUND, THIS WOULD BE BAD.

3. I SAID THAT SECRETARY SUPPORTED THE FUND IDEA. OUR PURPOSE WAS TO SHOW THAT MODERATES DID NOT ALWAYS CONFIDENTIAL

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COME OUT ON THE SHORT END. PERHAPS TO IMPRESS ON OTHER PROSPECTIVE DONORS SERIOUSNESS OF U.S. INTENTIONS, IT MIGHT BE APPROPRIATE TO SEND ANOTHER LETTER, WHICH COULD BE COPIED ELSEWHERE, INDICATING THAT WE INTEND TO GO IN INITIALLY FOR A USG PARTICIPATION OF FOUR HUNDRED MILLION DOLLARS OR MORE OVER FUND, SUBJECT TO USUAL PROVISOS ABOUT CONGRESSIONAL AUTHORIZATION AND APPROPRIATION, ETC. THIS WOULD TAKE SOME DOING WITH OUR

BUDGET PEOPLE. FROMENT-MEURICE THOUGHT SUCH A LETTER WOULD BE HELPFUL, JUST AS SECRETARY'S STATEMENTS ON FUND IN HIS RECENT PHILADELPHIA SPEECH HAVE BEEN HELPFUL. I INDICATED I WOULD ALSO TRY TO HAVE A SUPPLEMENTARY MEMO SENT TO FROMENT-MEURICE LAYING OUT CURRENT STATUS USG BUDGET PROPOSALS FOR ECONOMIC ASSISTANCE TO AFRICA. I HAD ALREADY CALLED TO THE ATTENTION OF THE GERMAN AMBASSADOR IN WASHINGTON THE PASSAGES IN THE SECRETARY'S PHILADELPHIA SPEECH WHICH REFERRED TO THE FUND, I ADDED.

4. FROMENT-MEURICE SAID HE HAD SOME QUESTIONS ON SECRETARY'S LETTER: DID USG INTEND TO HAVE ALL NATIONS IN SOUTHERN AFRICA INCLUDED AS POSSIBLE RECIPIENTS? (NO, I SAID.) DID USG INTEND THAT FUND BE USED IN COORDINATING ROLE FOR ALL AID TO AFRICA OR ONLY THE BENEFICIARY STATES? (NO, AGAIN.)

5. NORTH-SOUTH DIALOGUE. FROMENT-MEURICE CONFESSED THAT A WEEK AGO HE WAS MORE CONFIDENT ON RESUMPTION OF CIEC COMMISSION SESSIONS ON SCHEDULE, GIVEN RELATIVELY FAVORABLE COLOMBO MOOD OF G-19 WHICH SUGGESTED THEIR INTEREST IN RESUMPTION OF DIALOGUE, EVEN THOUGH NOT EXPECTING TOO MUCH IN WAY OF RESULTS: AND GIVEN ALSO PEREZ-GUERRERO'S OWN EXPRESSED FEELING OF CONFIDENCE ON HIS RETURN TO PARIS. NOW, HOWEVER, HAVING SEEN TEXT OF MACEACHEN LETTER, AND HEARD OBJECTIONS FROM HIS TREASURY PEOPLE ON THE PROPOSED DEBT LANGUAGE, AND HAVING HEARD THAT THE USG ALSO HAS RESERVATIONS AND PROPOSED NEW LANGUAGE, HE WAS WORRIED. WOULD THE G-8 START ANOTHER REDRAFTING EXERCISE, AS WAS ATTEMPTED LAST JULY, REQUIRING THE G-8 CO-CHAIRMAN TO GO TO THE G-19 COCHAIRMAN WITH STILL ANOTHER VERSION? THE CHANCES FOR CONFIDENTIAL

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A RESUMPTION OF THE COMMISSION MEETINGS ON SCHEDULE, OR AT ALL, WERE LOWER THAN HE LIKED. IN ALL EVENTS, HE HAS HEARD FROM HIS TREASURY THAT OUR TREASURY IS PROPOSING NEW AND MORE DIFFICULT LANGUAGE TO MACEACHEN AND HE IS CONCERNED.

6. FIRST, I SAID THAT ON THIS WE AND OUR TREASURY WERE AT ONE. I SAID WE WERE MORE CONCERNED WITH SIGNALS THAN WITH WORDS; WE CAN DISCUSS ANYTHING BUT WE DO NOT WANT TO BE UNDERSTOOD NOW, IN AGREEING TO ONE OR ANOTHER VERBAL FORMULA DESCRIBING A WORK PROGRAM, TO BE PROMISING CERTAIN ACTION IN DECEMBER. THE DISTINCTION IS BETWEEN WHAT THE COMMISSIONS CAN CONSIDER AND WHAT THEY WOULD BE OBLIGED TO PROPOSE TO THE MINISTERS. ACTUALLY, WE BEGIN TO SEE SOMETHING SENSIBLE ON DEBT

EMERGING. IF, HOWEVER, THERE IS AN IMPRESSION THAT ANY GIVEN WORK PROGRAM FORMULATION WILL OBLIGE THE COMMISSIONS TO PROPOSE TO THE MINISTERS A FORM OF GENERALIZED DEBT RELIEF, AND IF THAT IS THE ACID TEST FOR THE DIALOGUE, THEN WE HAD BETTER FIND THAT OUT NOW. WE ARE EXTREMELY INTERESTED IN HAVING THE DIALOGUE GO FORWARD ON SCHEDULE, BUT WE ARE DETERMINED TO AVOID GIVING FALSE IMPRESSIONS. IF EXPLOSION IS INEVITABLE, WE THINK IT WOULD BE BETTER NOW THAN LATER -- BETTER AT THE EXPERT LEVEL THAN AT THE MINISTERIAL LEVEL. I ADDED THAT BOSWORTH WOULD BE IN TOUCH WITH HIM ON THE WORDS.

7. FROMENT-MEURICE OPINED THAT THREE MORE SESSIONS OF COMMISSIONS PROBABLY WON'T PRODUCE ENORMOUS RESULTS. BUT THERE SHOULD BE A SIGNIFICANT AREA OF AGREEMENT FOR A DOCUMENT FOR SUBMISSION TO A MINISTERIAL MEETING IN DECEMBER. IT WOULD BE WELL TO START THINKING NOW ABOUT FORM THIS DOCUMENT SHOULD TAKE, RATHER THAN WAIT FOR COMMISSIONS TO COMPLETE THEIR WORK, WHICH WOULD ENTAIL AND IMPLY INDEFINITE DELAY. I SAID WE WOULD LIKE TO CONSULT WITH HIM ON THIS.

8. FROMENT-MEURICE ASKED ABOUT USG VIEW AS TO EFFECT OF CIEC ON OPEC PRICES, SAYING THAT A RELATIVELY SUCCESSFUL CIEC WOULD PROBABLY NOT AFFECT OPEC DECISION TO GO FOR PRICE INCREASE IN DECEMBER (WHICH
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SEEMS LIKELY) BUT A TOTAL FAILURE MIGHT SERVE TO ENCOURAGE THOSE SEEKING MUCH LARGER PRICE INCREASES. I SUGGESTED THAT PERHAPS MOST SIGNIFICANT DECISION AFFECTING OPEC PRICES WOULD BE SAUDI ARABIAN DETERMINATION WHETHER OR NOT TO CONTINUE TO MAINTAIN 8.5 MILLION BPD CEILING ON ARAMCO LIFTINGS.

9. COMMODITY AGREEMENTS. FROMENT-MEURICE ASKED IF USG WILL BE COOPERATIVE. I REPLIED USG PLANNED ATTEND PREPARATORY MEETINGS, BUT PROBABLY WOULD NOT SUBMIT ANY PRELIMINARY COMMENTS ON COMMON FUND. WE WOULD LISTEN, STAND ON PREVIOUSLY STATED US POSITIONS, AND THEN SEE HOW MATTERS EVOLVE.

10. MTN. FROMENT-MEURICE WITH CONSIDERABLE EMOTION ADDRESSED THE UNDESIRABILITY OF PUBLIC COMMENTS BY US OFFICIALS OPENLY CALLING FOR COMBINED WORLD ASSAULT ON CAP. I SAID THAT IT WAS NOT RPT NOT USG POLICY TO CALL FOR COALITION TO ATTACK CAP, IN PART BECAUSE WE DID NOT THINK THAT WAS THE BEST TACTIC, NOT OUT OF LOVE FOR CAP.

11. AID TO EGYPT. FROMENT-MEURICE SAID GOF STUDYING RECENT USG REQUEST FOR SYMPATHETIC ATTENTION TO EGYPTIAN NEEDS, THOUGH GOF THOUGHT THEY WERE ALREADY DOING QUITE A BIT AND PREFERRED CONTINUE TO CONCENTRATE ON PROJECTS, SINCE BALANCE OF PAYMENTS ASSISTANCE AND CONCESSIONAL LOANS ARE NOT AT ALL ATTRACTIVE TO GOF.

12. ENERGY. FROMENT-MEURICE MENTIONED THAT HE AND PEREZ-GUERRERO HAD AGREED ON THE DESIRABILITY OF THE PROLONGATION AND CONSOLIDATION OF PRODUCER-CONSUMER CONTACTS IN THE ENERGY FIELD, THOUGH PEREZ-GUERRERO WARNED THAT THERE MUST BE NO RPT NO INSTITUTIONS CREATED. KISSINGER

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